

Message Text

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SUBJECT PROPOSED PENSION PLAN FOR MEMBERS OF
COORDINATED ORGANIZATIONS

REF (A) USOECD 5929, (B) STATE 038315

1. BEGIN SUMMARY. AT 128TH MEETING CCG, US RECEIVED NO
SUPPORT FOR A FULLY FUNDED PENSION PLAN. COMMITTEE
PLANS DEAL WITH TAX ARRANGEMENTS AND GOVERNMENT
GUARANTEES AT SUBSEQUENT MEETING ON APRIL 3. COMPROMISE
PROPOSAL FOR INCREASED PENSION RIGHTS FOR EMPLOYEES
BETWEEN AGES 60 AND 65 ACCEPTABLE TO ALL BUT US AND
ITALY WHO ENTERED RESERVES. END SUMMARY.
ACTION REQUESTED: REQUEST INSTRUCTIONS PARA 4 AND 5.
2. US REPRESENTATIVE CCG DREW UPON PARAS 1 AND 3 OF REF
(B) TO MAKE KNOWN OUR STRONG PREFERENCE FOR FULLY FUNDED
PENSION SCHEME. BOTH SECRETARIES-GENERAL AND ALL
DELEGATIONS INDICATED THAT THEY STILL BELIEVE FUNDING
ARRANGEMENTS CONTAINED IN CCG PENSION PROPOSAL ONLY
ACCEPTABLE PROCEDURE. THEY ALSO INDICATED THAT THEY
HAD FULLY CONSIDERED POSSIBILITY ESTABLISHING FUNDED
SYSTEM PRIOR OPTING FOR FUNDING ARRANGEMENTS INCLUDED
IN CCG REPORT ON A PENSION PLAN. GERMAN REPRESENTATIVE
MADE RESUME PRIOR DISCUSSIONS ON FUNDING AND REAFFIRMED
PROBLEMS OF DEPRECIATION IN FUNDS OF CAPITALIZED
PENSION SCHEME AND THE DIFFICULTIES MANAGING
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PROFESSIONALLY FROM ONE TO FIVE PENSIONFUNDS. MISSION

PLANS PRESENT US POSITION ON FUNDING AT UPCOMING MEETING OECD WORKING PARTY ON STAFF POLICY AND WILL ADVISE ON RECEPTION IN THIS FORUM.

3. CCG PRELIMINARY PAPER ON POSSIBLE FUTURE WORK ON TAX ARRANGEMENT AND GOVERNMENT GUARANTEES (CCG/W(74)7) CIRCULATED AT MEETING BUT NOT DISCUSSED IN DETAIL. QUESTION OF GUARANTEES REFERRED TO EXISTING WORKING PARTY 11 OF CCG WHO CALLED UPON TO STUDY PROBLEM IN CONSULTATION WITH LEGAL SECTIONS COORDINATED ORGANIZATIONS AND TO PRESENT PRELIMINARY DOCUMENT ON THIS ISSUE AT LATER DATE. PRESENT INDICATIONS ARE THAT WORKING PARTY 11 WILL BE ABLE TO COMPLETE DETAILED PENSION REGULATIONS BY LATE MAY IF PROPOSED PENSION PLAN ADOPTED BY COUNCILS OF COORDINATED ORGANIZATIONS.

4. COPY OF CCG/Q(74)7 POUCHED TO DEPARTMENT MARCH 15. SEVERAL POSSIBLE SOLUTIONS TO TAX PROBLEMS ON PENSIONS OUTLINED IN THIS DOCUMENT. AT NEXT MEETING CCG REPRESENTATIVES WILL DISCUSS WHICH SOLUTIONS THEY MIGHT BE PREPARED TO CONSIDER. AFTER EXAMINATION THIS DOCUMENT, DEPARTMENT REQUESTED PROVIDE INSTRUCTIONS ON THE CATEGORIES OF POTENTIAL SOLUTIONS THAT CCG SHOULD EXAMINE IN GREATER DETAIL. DEPARTMENT MAY ALSO WISH FORWARD BACKGROUND MATERIAL ON WAYS THIS PROBLEM DEALT WITH IN OTHER INTERNATIONAL ORGANIZATIONS SUCH AS IN THE UN PENSION SYSTEM.

5. REPORT BY WORKING PARTY 11 (CCG/W(74)6) PRESENTS COMPROMISE PROPOSAL FOR GRANTING INCREASED PENSION RIGHTS FOR EXISTING STAFF, WHO CONTINUE WORKING AFTER AGE OF 60. PROPOSAL WOULD CALL FOR THE ACCUMULATION OF FOUR PERCENT PER ANNUM PENSION RIGHTS FOR THIS SERVICE, WITH TWO PERCENT COMING FROM NORMAL ACCUMULATION AND AN ADDITIONAL BENEFIT OF TWO PERCENT PER YEAR. IN RESPONSE TO QUESTION FROM US REPRESENTATIVE, DELEGATIONS CONFIRMED THIS PRACTICE INCLUDED WITHIN PENSION PLAN IN FORCE WITHIN THE EUROPEAN COMMUNITIES BUT ONLY ONE DELEGATION (NORWAY) INDICATED THAT IT WAS PRACTICED WITHIN THEIR OWN COUNTRIES.

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ONLY US AND ITALY CONTINUE TO PLACE A RESERVE ON THIS PROPOSAL AND ITALIAN REPRESENTATIVE INFORMED US THAT HE COULD WITHDRAW RESERVATION AT SUBSEQUENT MEETING OF CCG. ONE CONSIDERATION LEADING MOST DELEGATIONS ACCEPT THIS PROPOSAL WAS DESIRE TO PROVIDE ROUGHLY COMPARABLE BENEFITS TO CCG STAFFS AS IS PROVIDED UNDER COMMUNITIES PENSION SCHEME. SINCE THIS PROPOSAL CONSIDERED RELATIVELY MINOR ISSUE BY OTHER DELEGATIONS,

MISSION REQUESTS AUTHORIZATION LIFT RESERVE AT NEXT
MEETING WITH PROVISIO THAT ACCEPTANCE BE CONTIGENT ON
CAREFULLY WORDED AND PRECISE REGULATIONS.
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